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SUBJECT: SARG-IRAQI CONSULTATIONS REFLECT SOME PROGRESS ON
ECONOMIC AND SECURITY ISSUES

REF: DAMASCUS 1128

Classified By: Charge d'Affaires Michael Corbin, per 1.4 b,d.

11. (C) Summary: On the margins of a delegation headed by Iraqi Finance Minister Bayan Jabr al Zabaida, Iraqi border security officials met with their Syrian counterparts in Damascus November 28-29 to discuss enhanced cooperation. According to the Iraqi embassy here, al Zabaida handed over 15 million to the SARG for assisting refugees and won Syrian agreement to establish a joint Iraqi-Syrian branch of the Al Rafadain Bank. Separately, a delegation of Kurdish Democratic Party reps sought to improve relations with Damascus and win an invitation for Massoud Barzani to visit. End Summary

Finance and Information Ministers Deal with Big Issues

12. (C) While media headlines focused on Iraqi Finance Minister al Zabaida's agreement to establish a Syria-based joint Iraqi-Syrian branch of the al-Rafadain bank in Damascus, the GOI's decision to transfer 15 million USD directly to the SARG was the main, unwritten point of the visit, according to Iraqi Charge Hassan Abdul Azziz. Iraqi government spokesman Ali al Dabbagh, who joined the delegation, probed SARG counterparts relentlessly on the possibility of sending a Syrian ambassador to Baghdad, but he left with no concrete commitments. (Note: Iraqi Embassy sources told us Dabbagh himself hopes to be appointed Iraqi ambassador to Syria.)

13. (C) A Syrian banking source told us the al-Rafadain bank would operate differently than other private banks in Syria in that it would be a government-to-government joint venture and would be designed principally to facilitate transfer of

funds for pensions to Iraqis in Syria. Additionally, Syrian officials made another pitch to reopen the Kirkuk-Banyas oil pipeline and build a gas-pipeline from the al-Akkas field, and Iraqi officials responded favorably, reported Abdul Azziz.

¶4. (C) Planned before but coinciding with the rush of official visitors and post-Annapolis phone calls to Damascus, the Finance Minister's visit demonstrated Syria's continuing commitment to better bilateral relations with Iraq, according to Samir al-Taki, a confidant of FM Mouallem. The SARG was able to demonstrate publicly its desire for better economic cooperation, while private meetings between the border security experts focused on specific steps each side wanted the other to take. In al Taki's view, the SARG's most important message was that threats to Iraq's Western border constituted a threat to Syria. He also said Syrians tried to emphasize that the security and economic spheres were integrally linked. "We just re-opened the border at Abu Kamal" (al Qa'im on the Iraqi side), and both sides will benefit from increased commercial flows between the two countries. Effectively controlling the border "isn't just important for containing terrorism, it's important for economic growth."

¶5. (C) Syrian journalists told us privately they were intrigued by PM Maliki's choice to send Dabbagh to accompany the delegation and offered a host of conspiracy theories that all suggested FM Zebari's marginalization. Dabbagh's close relationship to the Syrian regime is one reason why Baghdad might have sent him, suggested al Hayat's Ibrahim Hamidi. Hamidi told us later that he had heard from Syrian MFA sources hurriedly invited Zebari to visit the following week

to avoid any possibility of insulting Zebari and to further bolster the optic of improving Syrian-Iraqi relations.

Border Security Commanders Meet in Formal Setting

¶6. (C) Abdul Azziz's readout of the border security discussions (represented by four high-level Ministry of Interior officers from each side) indicated that the Iraqi side presented specific requests for creating direct communications between sector chiefs, instituting regular exchanges of information and regular meetings, and increased SARG presence in the areas across from al-Sinjar, particularly in tribal villages that fell on both sides of the border.

¶7. (C) Abdul Azziz said the Syrian delegation appeared well intentioned, but it responded with generalities. Syrian officials said they were interested in direct communications at the unit level and suggested this idea be discussed in diplomatic channels between the two countries' security liaisons. They claimed Syria lacked the technical means to control the border as well as it wished. (Comment: Syrian border security officials apparently have returned to this talking point after getting laughed at by the Damascus diplomatic community for saying they had all the equipment they needed during an MFA-sponsored trip to the border, reported reftel.)

¶8. (C) The Syrian side asserted that it built up border security infrastructure, had re-opened the Abu Kamal border crossing in response to Iraq's request, and was interested in creating a secure environment to enhance trade relations. Regarding Iraqi concerns about infiltrations through Sinjar, the Syrian delegation recommended increased Iraqi patrols and use of other security equipment (such as barbed wire) to match actions on the Syrian side of the border and urged the Iraqis to share specific information on infiltrators. The Syrians said they would be willing to respond to specific information and presented the Iraqi side with information regarding its border security activities.

¶9. (C) According to Abdul Azziz, the meeting ended on a

positive note and maintained a technical focus throughout.
No follow-up discussion has been scheduled, he added.

Iraqi KDP Sends Delegation

¶10. (C) Triggered primarily by the increased alignment between the Turkish and Syrian positions regarding the KGK, KDP leader Massoud Barzani sent a delegation to Damascus in early December seeking to pave the way for a possible invitation to visit, confided Abdul Aziz. Abdul Aziz mused that everyone, including the KDP, seems to want better relations with Damascus these days because of its centrality to so many regional issues. He had no information on whether the KDP delegation succeeded in its aim of securing an invitation for Barzani to visit.

¶11. (C) Comment: Some of our diplomatic and Syrian contacts are saying this visit accomplished very little, and what little it achieved was long over due. At the same time, this latest round of Iraqi-Syrian engagement allowed both sides to claim they are taking concrete, if modest steps, to move their relationship forward. From the Syrian side, there appears to be some recognition of common security interests, but the test of this proposition will be whether the dialogue continues and whether it is followed up by real cooperation

on the ground.

Post Script on Zebari Visit

¶12. (C) Iraqi FM Zebari's short-notice December 10-11 visit offered more positive evidence of improving bilateral relations. Concluding with a joint Zebari-Mouallem press conference in which both ministers gushed about their countries' deepening ties, Zebari's trip strengthened the optic of progress on economic and security issues. Syrian businessmen in particular viewed Zebari's announcement of an agreement to reopen the Kirkuk-Banyas oil pipeline as a positive signal. But most of our contacts believe that securing and repairing the pipeline and enhancing Syrian-Iraqi security cooperation will require sustained engagement by both sides to overcome significant challenges.
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